

STATE OF SOUTH CAROLINA

South Carolina Electric & Gas Company – Application For
Mid-Period Adjustment In Two Phases Of Base Rates
Charged by SCE&G for the Recovery of Fuel Costs
Associated With Its Service To Retail Electric Customers

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

COVER SHEET

DOCKET

NUMBER: 2008 - ____ - E

(Please type or print)

Submitted by: K. Chad Burgess

SC Bar Number: 69456

Address: SCANA Corp.
1426 Main Street MC 130
Columbia, SC 29201

Telephone: 803-217-8141

Fax: 803-217-7931

Other: _____

Email: chad.burgess@scana.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

- ☐ Emergency Relief demanded in petition ☒ Request for item to be placed on Commission's Agenda expeditiously
- ☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input checked="" type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



August 5, 2008

VIA ELECTRONIC FILING

The Honorable Charles Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: South Carolina Electric & Gas Company – Application For Mid-Period Adjustment In Two Phases Of The Base Rates Charged By SCE&G For The Recovery Of The Fuel Costs Associated With Its Service To Retail Electric Customers

Dear Mr. Terreni:

Enclosed for filing, on behalf of South Carolina Electric & Gas Company (“SCE&G” or “Company”), is an electronic copy of an Application for Mid-Period Adjustment of Base Rates for the Recovery of Electric Fuel Costs (“Application”).

Because of unexpected and unpredictable fluctuations and increases in fuel prices (particularly natural gas and coal), SCE&G believes it necessary to bring this matter to the attention of the Public Service Commission of South Carolina (“Commission”) through this Application. SCE&G’s under-collection is much greater than originally projected through the end of June 2008 and is now projected to be even greater by the end of April 2009. Consequently, SCE&G respectfully requests that the Commission (1) issue an appropriate notice of filing and hearing so that public notice may begin promptly, (2) set the return date by which interested parties may intervene for September 19, 2008, (3) schedule a hearing to be held on the Application on October 20, 2008, or as soon thereafter as the Commission’s calendar will permit, and (4) establish a schedule for pre-filing testimony in this matter using the standard schedule as follows:

Applicant – Four weeks prior to hearing date;
Intervenors – Two weeks prior to hearing date;
Rebuttal – One week prior to hearing date; and
Surrebuttal – Two days prior to hearing date.

(Continued . . .)

The Honorable Charles Terreni

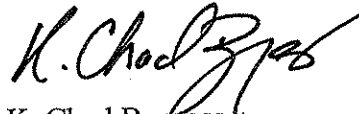
August 5, 2008

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For the Commission's consideration, SCE&G is also filing an electronic copy of a proposed Notice of Filing and Hearing ("Notice"). If the Commission's Docketing Department issues the Notice by August 6, 2008, then SCE&G believes that it can publish the Notice in newspapers of general circulation in the affected areas by August 15, 2008. In accordance with S.C Code Ann. § 58-27-865(D) (1976, as amended), the Company will also furnish the Notice by U.S. Mail to each customer "with the next billing," the last of which will be fully completed on or before September 12, 2008.

Thank you for your attention to this matter. If you have any questions or concerns, please do not hesitate to contact us.

Very truly yours,

A handwritten signature in black ink, appearing to read "K. Chad Burgess", with a stylized flourish at the end.

K. Chad Burgess

cc: Nanette S. Edwards, Esquire (w/enclosures)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
DOCKET NO. 2008-__-E

In Re: Application of South Carolina)	APPLICATION FOR A
Electric & Gas Company for Mid-Period)	MID-PERIOD ADJUSTMENT
Adjustment of Base Rates for the Recovery of)	OF BASE RATES FOR
Electric Fuel Costs)	THE RECOVERY OF
)	ELECTIC FUEL COSTS

South Carolina Electric & Gas Company (“SCE&G” or the “Company”) hereby applies to the Public Service Commission of South Carolina (the “Commission”) under S.C. Code Ann. § 58-27-865(d) (Supp. 2007) and 26 S.C. Code Ann. Regs. 103-823 (1976, as amended) for an order permitting a mid-period adjustment in the base rates charged by SCE&G for the recovery of fuel costs associated with its service to retail electric customers. In support of this Application, SCE&G would respectfully show to the Commission:

1. Applicant. SCE&G is a corporation duly organized and existing under the laws of the State of South Carolina, with its principal offices at 1426 Main Street, Columbia, South Carolina, 29201. The Company is engaged in the business of generating, transmitting, and delivering electricity, and providing electric service to public and private energy users for compensation.

2. Base Rates for the Recovery of Fuel Costs. Under the terms of S.C. Code Ann. § 58-27-865 (Supp. 2007) (the “Fuel Clause”), the Commission conducts a review of SCE&G’s fuel costs and fuel costs recovery annually and establishes separately stated

fuel cost recovery factors for each of SCE&G's customer classes to apply in the succeeding 12-month period. As set forth in S.C. Code Ann. § 58-27-865(g) (Supp. 2007), the Fuel Clause is intended "to allow recovery by electric utilities of all their prudently incurred fuel costs as precisely and promptly as possible, in a manner that tends to insure public confidence and minimize abrupt changes in charges to customers."

3. Mid-Period Adjustments. In furtherance of its regulatory purposes, the Fuel Clause allows a utility to request a hearing "at any time between the twelve-month reviews to determine whether an increase or decrease in the base rate amount designed to recover fuel costs should be granted." S.C. Code Ann. § 58-27-865(d) (Supp. 2007).

4. SCE&G's Current Base Rates for Fuel Costs. The Commission established the current fuel cost recovery factors for SCE&G in Order No. 2008-323, dated April 30, 2008, which order was based on a public hearing held by the Commission on March 27, 2008. At that hearing, the Commission heard testimony from witnesses from SCE&G and the Office of Regulatory Staff ("ORS") and received into the record a Settlement Agreement entered into between SCE&G, ORS and all parties of record to that proceeding. In Order No. 2008-323, the Commission established the following fuel factors based on actual fuel cost recovery data for the period ending January 31, 2008 and estimated or forecasted data for the period February 1, 2008 through April 30, 2009:

Class	Base Fuel Cost Component (cents/KWH)	Environmental Fuel Cost Component (cents/KWH)	Total Fuel Costs Factor (cents/KWH)
Residential	2.641	0.101	2.742
Small General Service	2.641	0.087	2.728
Medium General Service	2.641	0.075	2.716
Large General Service	2.641	0.044	2.685
Lighting	2.641	-	2.641

5. Fuel Cost Estimates Underlying Current Factors. The primary fuel used by SCE&G to generate electricity is coal and in the 2008-2009 forecast period the cost of coal represents approximately 64 percent of SCE&G's cost of fuel for electric generation. The coal costs on which the current fuel factors were based were the prevailing coal prices in the weeks leading up to the hearing on March 27, 2008 and were in the mid-\$80 range per ton at the mine.

6. Continuing Increases in Fuel Prices. Due to increased global demand for energy, major increases in the price for alternative fuels such as oil and natural gas, and the fall of the dollar to historically low exchange rates against other currencies, the price of coal has risen dramatically in recent months. In addition, significant net amounts of U.S. coal are being exported for the first time. Sustained prices in the spot markets currently exceed \$150 dollars per ton at the mine, an increase of approximately 75% since the current fuel factors were established. Increasing under-collections are also attributable to natural gas prices that have been more volatile and at levels higher than originally forecasted.

7. The Current Under Collection of Fuel Costs. At the end of the 2007-2008 fuel cost review period, SCE&G had an under collection balance of \$12.5 million in its fuel cost recovery accounts. The fuel factors proposed by the parties in the March 21, 2008 Settlement Agreement and adopted by the Commission in Order No. 2008-323 were anticipated to reduce that \$12.5 million under collection to \$8.9 million by June 30, 2008. Instead, the actual under collection has risen to \$87.1 million as of June 30, 2008.

8. Current Forecast of Under Collection Balance on April 30, 2009. The fuel factors approved in Order No. 2008-323 were anticipated to create a slight over collection

of fuel costs (\$74,877.00) by the end of the forecast period, *i.e.*, by April 30, 2009.

Based on the existing under collected balance and the current forecasts of coal prices through the end of the forecast period, if current fuel recovery factors remain in force an under collected balance of \$207.2 million is forecast by April 30, 2009. This amount is equal to 31% percent of the 2008-2009 fuel cost that SCE&G forecasted this past spring, which was \$654.4 million.

9. Updated Base Fuel Cost Report. An updated Base Fuel Cost Report for the period May 1, 2008 to April 30, 2009 is attached to this Application as **Exhibit A**. This report shows the forecasted fuel cost recovery account balances if the current fuel cost recovery factors are left without adjustment.

10. Request for Mid-Period Adjustment. To allow for the recovery of fuel costs as precisely and promptly as possible, SCE&G asks that the Commission schedule a hearing upon due notice to customers and the public, and order an adjustment in its fuel factors to reflect current prices of coal and other fuels in the rates it currently charges its customers. Making such an adjustment is necessary to reduce the under collection when the 2009-2010 fuel cost recovery factors are established. Without such an adjustment, the 2009-2010 fuel cost recovery factors will have to reflect both the increase in fuel costs that have occurred since 2008 and the recovery of the entire forecasted \$207.2 million under collection which will accrue in the fuel cost recovery accounts during the intervening months.

11. Phasing of Increases. To minimize abrupt changes in charges to customers, SCE&G proposes to place the requested mid-period increase into rates in two phases:

(a) An increase of approximately 6.5 mils to take effect for bills rendered on and after the first billing cycle of November 2008:

Class	Base Fuel Cost Component (cents/KWH)	Environmental Fuel Cost Component (cents/KWH)	Total Fuel Costs Factor (cents/KWH)
Residential	3.291	.101	3.392
Small General Service	3.291	.087	3.378
Medium General Service	3.291	.075	3.366
Large General Service	3.291	.044	3.335
Lighting	3.291	-	3.291

(b) An increase of an additional 6.5 mils to take effect for the bills rendered on and after the first billing cycle of January 2009:

Class	Base Fuel Cost Component (cents/KWH)	Environmental Fuel Cost Component (cents/KWH)	Total Fuel Costs Factor (cents/KWH)
Residential	3.941	.101	4.042
Small General Service	3.941	.087	4.028
Medium General Service	3.941	.075	4.016
Large General Service	3.941	.044	3.985
Lighting	3.941	-	3.941

12. Effect of Phased Increases. Based on current fuel prices and fuel price forecasts, the requested increases in the fuel factor would reduce the anticipated under collection at the end of the forecast period to \$91.2 million. An updated Base Fuel Cost Report for the period May 1, 2008 to April 30, 2009 adjusted to reflect the reduction in the under collection of costs by means of the proposed mid-period adjustment is attached to this Application as **Exhibit B**.

13. Simultaneous Notice of Filing and Hearing. SCE&G would respectfully suggest that since prompt action will reduce the amount of the under collection that must

eventually be recovered, the Commission will benefit all parties by holding a hearing as soon as possible. SCE&G respectfully requests that the Commission notice both the filing of this application and the hearing in this matter simultaneously.

14. Carrying Costs on the Under Collection. SCE&G is not requesting any carrying cost to be applied to the under collection at this time but anticipates making a request for carrying costs in the annual review of base rates for fuel cost recovery to be held in 2009.

15. Correspondence or Communications. The name, title, address and telephone number of the persons to whom correspondence or communications relating to the Application should be addressed are as follows:

Catherine D. Taylor, Esquire
K. Chad Burgess, Esquire
South Carolina Electric & Gas Company
1426 Main Street
Mail Code 130
Columbia, SC 29218
(803) 217-8141
cdtaylor@scana.com
chad.burgess@scana.com

Mitchell Willoughby, Esquire
Willoughby & Hoefer, P.A.
Post Office Box 8416
Columbia, South Carolina 29202
Telephone: 803-252-3300
Facsimile: 803-771-2410
mwilloughby@willoughbyhoefer.com

Belton T. Zeigler, Esquire
Pope Zeigler, LLC
P.O. Box 11509
Columbia, SC 29211
(803) 354-4949
bzeigler@popezeigler.com

WHEREFORE, South Carolina Electric & Gas Company respectfully requests that the Commission schedule a hearing at the earliest possible time and upon due notice to customers and the public, and that the Commission order a two-phase adjustment of its fuel factors to reflect current prices of coal and other fuels in the rates it currently charges its customers according to the terms set forth above, and authorize the Company to put into effect the base rates for fuel costs contained in this Application and order such other, further or different relief as may be justified.

Respectfully Submitted,



Catherine D. Taylor, Esquire
K. Chad Burgess, Esquire
South Carolina Electric & Gas Company
1426 Main Street
Mail Code 130
Columbia, SC 29218
(803) 217-8141
cdtaylor@scana.com
chad.burgess@scana.com

Mitchell Willoughby, Esquire
Willoughby & Hoefer, P.A.
Post Office Box 8416
Columbia, South Carolina 29202
Telephone: 803-252-3300
Facsimile: 803-771-2410
mwilloughby@willoughbyhoefer.com

Belton T. Zeigler, Esquire
Pope Zeigler, LLC
P.O. Box 11509
Columbia, SC 29211
(803) 354-4949
bzeigler@popezeigler.com

Attorneys for Applicant

August 5, 2008
Columbia, South Carolina

SOUTH CAROLINA ELECTRIC AND GAS COMPANY
BASE FUEL COSTS REPORT
MAY, 2008 - APRIL, 2009

	Actual					Forecast				
	May, 2008	Jun, 2008	Jul, 2008	Aug, 2008	Sep, 2008	Oct, 2008				
1. Fossil Fuel Costs	\$ 58,024,310	\$ 85,688,665	\$ 78,440,000	\$ 72,318,000	\$ 56,352,000	\$ 45,218,000				
2. Nuclear Fuel Costs	\$ -	\$ 1,139,263	\$ 2,199,000	\$ 2,199,000	\$ 2,129,000	\$ 2,223,000				
3. Fuel Costs in Purchased Power and Interchange Received	\$ 12,747,550	\$ 20,389,713	\$ 26,265,000	\$ 24,305,000	\$ 21,271,000	\$ 16,136,000				
4. Less: Fuel Costs in Intersystem Sales	\$ 1,268,271	\$ 8,496,446	\$ 6,973,000	\$ 7,638,000	\$ 4,385,000	\$ 2,392,000				
5. Total Fuel Costs (Lines 1+2+3-4)	\$ 69,503,589	\$ 98,721,195	\$ 99,931,000	\$ 91,184,000	\$ 75,367,000	\$ 61,185,000				
6. Total System Sales Excluding Intersystem Sales (KWH)	\$ 1,754,667,357	\$ 2,152,209,210	\$ 2,404,000,000	\$ 2,417,000,000	\$ 2,292,000,000	\$ 1,922,000,000				
7. Total Fuel Cost Per KWH Sales	\$ 0.039511	\$ 0.045870	\$ 0.041569	\$ 0.037726	\$ 0.032883	\$ 0.031834				
8. Less Base Fuel Cost Per KWH Included in Rates	\$ 0.02641	\$ 0.02641	\$ 0.02641	\$ 0.02641	\$ 0.02641	\$ 0.02641				
9. Fuel Adjustment Per KWH	\$ 0.01320	\$ 0.01946	\$ 0.01516	\$ 0.01132	\$ 0.00647	\$ 0.00542				
10. Retail KWH Sales	\$ 1,639,359,582	\$ 2,007,727,658	\$ 2,249,000,000	\$ 2,268,000,000	\$ 2,163,000,000	\$ 1,808,000,000				
11. Over / Under Recovery Revenue	\$ 21,639,546	\$ 39,070,380	\$ 34,094,840	\$ 25,673,760	\$ 13,994,610	\$ 9,799,360				
12. Fixed Capacity Charges & Adjustments	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)				
13. Net Over / Under Recovery Revenue	\$ 19,854,189	\$ 37,285,023	\$ 32,309,483	\$ 23,888,403	\$ 12,209,253	\$ 8,014,003				
14. Cumulative (Over) Under Balance	\$ 29,947,530	\$ 87,086,742	\$ 119,396,225	\$ 143,284,628	\$ 155,493,881	\$ 163,507,884				

	Forecast					Forecast				
	Nov, 2008	Dec, 2008	Jan, 2009	Feb, 2009	Mar, 2009	Apr, 2009				
15. Fossil Fuel Costs	\$ 38,425,000	\$ 46,455,000	\$ 51,294,000	\$ 45,442,000	\$ 50,277,000	\$ 42,273,000				
16. Nuclear Fuel Costs	\$ 2,148,000	\$ 2,223,000	\$ 2,223,000	\$ 2,003,000	\$ 2,223,000	\$ 2,148,000				
17. Fuel Costs in Purchased Power and Interchange Received	\$ 12,889,000	\$ 13,791,000	\$ 20,317,000	\$ 20,094,000	\$ 19,033,000	\$ 20,421,000				
18. Less: Fuel Costs in Intersystem Sales	\$ 5,456,000	\$ 7,574,000	\$ 6,655,000	\$ 5,631,000	\$ 4,239,000	\$ 6,285,000				
19. Total Fuel Costs (Lines 1+2+3-4)	\$ 48,006,000	\$ 54,895,000	\$ 67,179,000	\$ 61,908,000	\$ 67,294,000	\$ 58,557,000				
20. Total System Sales Excluding Intersystem Sales (KWH)	\$ 1,735,000,000	\$ 1,921,000,000	\$ 2,091,000,000	\$ 1,971,000,000	\$ 1,883,000,000	\$ 1,751,000,000				
21. Total Fuel Cost Per KWH Sales	\$ 0.027669	\$ 0.028576	\$ 0.032128	\$ 0.031409	\$ 0.035738	\$ 0.033442				
22. Less Base Fuel Cost Per KWH Included in Rates	\$ 0.02641	\$ 0.02641	\$ 0.02641	\$ 0.02641	\$ 0.02641	\$ 0.02641				
23. Fuel Adjustment Per KWH	\$ 0.00126	\$ 0.00217	\$ 0.00572	\$ 0.00500	\$ 0.00933	\$ 0.00703				
24. Retail KWH Sales	\$ 1,624,000,000	\$ 1,794,000,000	\$ 1,957,000,000	\$ 1,855,000,000	\$ 1,765,000,000	\$ 1,642,000,000				
25. Over / Under Recovery Revenue	\$ 2,046,240	\$ 3,892,980	\$ 11,194,040	\$ 9,275,000	\$ 16,467,450	\$ 11,543,260				
26. Fixed Capacity Charges & Adjustments	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)				
27. Net Over / Under Recovery Revenue	\$ 260,883	\$ 2,107,623	\$ 9,408,683	\$ 7,489,643	\$ 14,682,093	\$ 9,757,903				
28. Cumulative (Over) Under Balance	\$ 163,768,767	\$ 165,876,390	\$ 175,285,073	\$ 182,774,716	\$ 197,456,809	\$ 207,214,712				

	Actual		Forecast			
	May, 2008	Jun, 2008	Jul, 2008	Aug, 2008	Sep, 2008	Oct, 2008
1. Fossil Fuel Costs	\$ 58,024,310	\$ 85,688,665	\$ 78,440,000	\$ 72,318,000	\$ 56,352,000	\$ 45,218,000
2. Nuclear Fuel Costs	\$ -	\$ 1,139,263	\$ 2,199,000	\$ 2,199,000	\$ 2,129,000	\$ 2,223,000
3. Fuel Costs in Purchased Power and Interchange Received	\$ 12,747,550	\$ 20,389,713	\$ 26,265,000	\$ 24,305,000	\$ 21,271,000	\$ 16,136,000
4. Less: Fuel Costs in Intersystem Sales	\$ 1,268,271	\$ 8,496,446	\$ 6,973,000	\$ 7,638,000	\$ 4,385,000	\$ 2,392,000
5. Total Fuel Costs (Lines 1+2+3-4)	\$ 69,503,589	\$ 98,721,195	\$ 99,931,000	\$ 91,184,000	\$ 75,367,000	\$ 61,185,000
6. Total System Sales Excluding Intersystem Sales (KWH)	\$ 1,754,667,357	\$ 2,152,209,210	\$ 2,404,000,000	\$ 2,417,000,000	\$ 2,292,000,000	\$ 1,922,000,000
7. Total Fuel Cost Per KWH Sales	\$ 0.039611	\$ 0.045870	\$ 0.041569	\$ 0.037726	\$ 0.032883	\$ 0.031834
8. Less Base Fuel Cost Per KWH Included in Rates	\$ 0.02941	\$ 0.02641	\$ 0.02641	\$ 0.02641	\$ 0.02641	\$ 0.02641
9. Fuel Adjustment Per KWH	\$ 0.01320	\$ 0.01946	\$ 0.01516	\$ 0.01132	\$ 0.00647	\$ 0.00542
10. Retail KWH Sales	\$ 1,639,359,582	\$ 2,007,727,658	\$ 2,249,000,000	\$ 2,268,000,000	\$ 2,163,000,000	\$ 1,808,000,000
11. Over / Under Recovery Revenue	\$ 21,639,546	\$ 39,070,380	\$ 34,094,840	\$ 25,673,760	\$ 13,994,610	\$ 9,799,360
12. Fixed Capacity Charges & Adjustments	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)
13. Net Over / Under Recovery Revenue	\$ 19,854,189	\$ 37,285,023	\$ 32,309,483	\$ 23,888,403	\$ 12,209,253	\$ 8,014,003
14. Cumulative (Over) Under Balance	\$ 49,801,719	\$ 87,086,742	\$ 119,396,225	\$ 143,284,628	\$ 155,493,881	\$ 163,507,884
	\$ 29,947,530					

	Forecast						
	Nov, 2008	Dec, 2008	Jan, 2009	Feb, 2009	Mar, 2009	Apr, 2009	
15. Fossil Fuel Costs	\$ 38,425,000	\$ 46,455,000	\$ 51,294,000	\$ 45,442,000	\$ 50,277,000	\$ 42,273,000	
16. Nuclear Fuel Costs	\$ 2,148,000	\$ 2,223,000	\$ 2,223,000	\$ 2,003,000	\$ 2,223,000	\$ 2,148,000	
17. Fuel Costs in Purchased Power and Interchange Received	\$ 12,889,000	\$ 13,791,000	\$ 20,317,000	\$ 20,094,000	\$ 19,033,000	\$ 20,421,000	
18. Less: Fuel Costs in Intersystem Sales	\$ 5,456,000	\$ 7,574,000	\$ 6,655,000	\$ 5,631,000	\$ 4,239,000	\$ 6,285,000	
19. Total Fuel Costs (Lines 1+2+3-4)	\$ 48,006,000	\$ 54,895,000	\$ 67,179,000	\$ 61,908,000	\$ 67,294,000	\$ 58,557,000	
20. Total System Sales Excluding Intersystem Sales (KWH)	\$ 1,735,000,000	\$ 1,921,000,000	\$ 2,091,000,000	\$ 1,971,000,000	\$ 1,883,000,000	\$ 1,751,000,000	
21. Total Fuel Cost Per KWH Sales	\$ 0.027669	\$ 0.028576	\$ 0.032128	\$ 0.031409	\$ 0.035738	\$ 0.033442	
22. Less Base Fuel Cost Per KWH Included in Rates	\$ 0.03291	\$ 0.03291	\$ 0.03941	\$ 0.03941	\$ 0.03941	\$ 0.03941	
23. Fuel Adjustment Per KWH	\$ (0.00524)	\$ (0.00433)	\$ (0.00728)	\$ (0.00800)	\$ (0.00367)	\$ (0.00597)	
24. Retail KWH Sales	\$ 1,624,000,000	\$ 1,794,000,000	\$ 1,957,000,000	\$ 1,855,000,000	\$ 1,765,000,000	\$ 1,642,000,000	
25. Over / Under Recovery Revenue	\$ (8,509,760)	\$ (7,768,020)	\$ (14,246,960)	\$ (14,840,000)	\$ (6,477,550)	\$ (9,802,740)	
26. Fixed Capacity Charges & Adjustments	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	\$ (1,785,357)	
27. Net Over / Under Recovery Revenue	\$ (10,295,117)	\$ (9,553,377)	\$ (16,032,317)	\$ (16,625,357)	\$ (8,262,907)	\$ (11,588,097)	
28. Cumulative (Over) Under Balance	\$ 153,212,767	\$ 143,659,390	\$ 127,627,073	\$ 111,001,716	\$ 102,738,809	\$ 91,150,712	

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKETING DEPARTMENT

NOTICE OF FILING AND HEARING

DOCKET NO. 2008-__-E

**SOUTH CAROLINA ELECTRIC & GAS COMPANY – APPLICATION FOR MID-PERIOD
ADJUSTMENT IN TWO PHASES OF THE BASE RATES CHARGED BY SCE&G FOR THE
RECOVERY OF THE FUEL COSTS ASSOCIATED WITH ITS SERVICE TO RETAIL
ELECTRIC CUSTOMERS**

On August 5, 2008, South Carolina Electric & Gas Company (“SCE&G” or “Company”) filed an Application with the Public Service Commission of South Carolina (“Commission”) requesting that the Commission order in two phases a mid-period increase of the base rates charged by SCE&G for the recovery of the fuel costs associated with its service to retail electric customers. The increases are requested to reflect current prices of coal and other fuels in the rates SCE&G currently charges its customers. The Application was filed pursuant to the South Carolina Fuel Clause Statute, S.C. Code Ann. § 58-27-865(d) (1976, as amended); and the Commission’s Rules of Practice and Procedure, 26 S.C. Code Ann. Regs. 103-823 (1976, as amended). As set forth in S.C. Code Ann. § 58-27-865(g) (Supp. 2007), the Fuel Clause is intended “to allow recovery by electric utilities of all their prudently incurred fuel costs as precisely and promptly as possible, in a manner that tends to insure public confidence and minimize abrupt changes in charges to customers.”

SCE&G states in the Application that the price of coal consumed in generating electric power to serve its customers has increased by approximately 75% since the fuel factors currently being charged were approved. Additionally, SCE&G states that natural gas prices have been volatile and at higher prices than originally projected. SCE&G states that its fuel cost recovery account reflects an under collection of \$87.1 million as of June 30, 2008 and that if rates are not adjusted in the interim, the under collection is predicted to be \$207.2 million when the next regularly scheduled adjustment is made in May of 2009. SCE&G states in its Application that it seeks an adjustment in rates now to reduce to approximately \$91.2 million the forecasted under collection that will be required to be reflected in rates when the 2009-2010 fuel cost recovery factors are established.

SCE&G requests that the Commission phase-in the resulting increase into its fuel factors through an increase of approximately 6.5 mills to take effect for bills rendered on and after the first billing cycle of November 2008, and an increase of an additional 6.5 mills to take effect for bills rendered on and after the first billing cycle of January 2009: For the November 2008 increase, an average residential customer will see an increase of 6.06%; an average commercial customer will see an increase of 7.37%, and an average industrial customer will see an increase of 12.05%. For the January 2009 increase, an average residential customer will see an additional increase of 5.72%, an average commercial customer will see an additional increase of 6.86%, and an average industrial customer will see an additional increase of 10.75%. Amount and percentage of increases may vary within these categories, and individual customer bill increases may also vary depending upon actual usage patterns and amount of consumption.

A copy of the Company’s Application may be obtained from the Commission at the following address: Public Service Commission of South Carolina, Docketing Department, 101 Executive Center Drive, Columbia, South Carolina 29210. Additionally, the Application is available on the Commission’s website at www.psc.sc.gov and is available from the corporate office of South Carolina Electric & Gas Company at 1426 Main Street, Columbia, South Carolina, 29201.

In order to receive testimony and evidence from all interested parties, a public hearing will be held in the Commission's Hearing Room, Synergy Business Park, 101 Executive Center Drive, Columbia, South Carolina commencing at 10:30 a.m. on **October--**, 2008.

Any person who wishes to participate in this matter, as a party of record with the right of cross-examination must file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **September 19, 2008**, and indicate the amount of time required for his presentation. Please include an email address in the Petition to Intervene for receipt of future Commission correspondence. *Please refer to Docket No. 2008-____-E.*

Any person who wishes to testify and present evidence at the hearing must notify the Docketing Department, in writing, at the address below, the South Carolina Office of Regulatory Staff at Post Office Box 11263, Columbia, South Carolina 29211, and K. Chad Burgess, Senior Counsel, South Carolina Electric & Gas Company, 1426 Main Street, Mail Code 130, Columbia, South Carolina 29201, on or before **September 19, 2008**, and indicate the amount of time required for his presentation. *Please refer to Docket No. 2008-____-E.*

Any person who wishes to be notified of the hearing, but does not wish to present testimony or be a party of record, may do so by notifying the Docketing Department, in writing, at the address below on or before **September 19, 2008**. *Please refer to Docket No. 2008-____-E.*

PLEASE TAKE NOTICE: Any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments, in person, to the Commission during the hearing.

Persons seeking information about the Commission's Procedures should contact the Commission in Columbia at 803-896-5100.

Public Service Commission of South Carolina
Attn: Docketing Department
Post Office Drawer 11649
Columbia, SC 29211